



Fluor Enterprises, Inc.  
1101 Wilson Boulevard, Suite 1900  
Arlington, VA 22209  
USA

703.351.1204 tel  
703.469.1593 fax

November 25, 2003

The Honorable Kate Hanley  
Chairman, Fairfax County Board of Supervisors  
Fairfax County Government Center  
12000 Government Center Parkway, Suite 503  
Fairfax, VA 22035

Subject: Response to Sierra Club

Dear Chairman Hanley:

Thank you for your interest in Fluor Daniel's proposal to construct high occupancy toll (HOT) lanes on the Beltway. I am writing to address the issues included in the Sierra Club's statement to the Board of Supervisors submitted to the Transportation Committee on Monday, November 17, 2003.

Fluor's HOT lane proposal is doable and affordable. It responds to community concerns. HOT lanes on the Beltway will reduce congestion, provide options for commuters and comply fully with the requirements of the federal Environmental Impact Statements (EIS) process.

As to the Sierra Club's specific concerns:

1. **Air quality:** A preliminary study conducted by the Metropolitan Washington Council of Governments (MWCOC) found that adding HOT lanes to the Beltway will result in a slight increase in Volatile Organic Compounds (VOC) and a moderate increase in oxides of nitrogen (NOx) emissions. COG also concluded that its estimates, "are conservative, i.e., likely to overestimate emissions." This is because the COG study did not account for emissions reductions associated with a decrease in cut through traffic on adjacent streets and the projected reduction in traffic on the main lines of the Beltway. Further, air quality issues will be fully addressed in the independent EIS analysis being conducted by VDOT. Air quality is clearly a significant VDOT concern since they have invited Mr. Ron Kirby from MWCOC/Transportation Planning Board to be part of the

Virginia Department of Transportation (VDOT) Advisory Committee that will be reviewing Fluor's proposal.

2. **Non-compete clause:** In Deputy Secretary Homer's November 19<sup>th</sup> letter, in response to a similar question from Supervisor Kauffman, he answered this question as follows, and I quote: "Competing facility requirements are quite common in toll road financing, The Commonwealth would need to carefully consider any such proposal. At this time, the Commonwealth is unprepared to accept any limitations on bus or rail facilities in the corridor. The Commonwealth may consider a limitation on the widening of the mainline of the beltway if it could be shown to be in the long-term public interest. The process and terms of any competing facility requirement would be spelled out in a comprehensive agreement between the Department of Transportation and the private proposer." Fluor agrees with this position and will not seek limitations on safety and transit improvements in the Beltway corridor as part of any non-compete clause.
3. **Express Bus Service:** We believe HOT lanes will encourage and expand express bus service in Fairfax County. Fluor will meet with area bus operators to find ways to make the HOT lanes more attractive for express bus rider use once we sign a development agreement with VDOT. The development agreement is not a binding agreement to proceed with the project to construction. It is simply an assurance that the Public Private Transportation Act (PPTA) competition period is officially closed. Once signed this gives Fluor the opportunity to continue to invest, at risk, its money to perform additional studies to address any and all remaining issues.

Neither Virginia nor Fairfax County is "obligated" to support express bus service, as the Sierra Club implies. HOT lanes on the Beltway will create an incentive for transit agencies and private companies to offer express bus service that takes advantage of the congestion free HOT lanes and the HOV/HOT network including I-95, I-66, the Dulles Toll and Access Road and the Beltway.
4. **Operation and maintenance costs:** Fluor will develop estimates of operation and maintenance costs for the HOT lanes after we sign a development agreement with VDOT. The Sierra Club is correct in noting that operation and maintenance of the HOT lanes will be VDOT's responsibility. VDOT will also own the facility. Fluor does not seek an ownership interest nor will Fluor receive any of the toll revenue. Fluor has developed this innovative proposal and will serve as the general contractor for the design, development and construction in a manner that is consistent with any major road construction project. All of the financial and transportation benefits go to Virginia, Fairfax County and commuters.
5. **Public Involvement:** As discussed in my presentation to the transportation committee, Fluor's HOT lane proposal resulted from addressing the concerns presented at the May 2002 Beltway Draft Environmental Impact Statement (DEIS) public hearings. Foremost among these concerns was the displacement of

private property. The original 2002 Environmental Impact Statement (EIS) alternatives identified more than 300 homes and business that would have been displaced. In response Fluor's proposal stays largely within the existing right-of-way with a few small adjustments. As a result, as few as four but no more than six residences would be displaced and no business properties. This and other concerns will be subject to further public comment as part of the five ongoing independent review processes that Pierce Homer, Deputy Secretary of VDOT, outlined in his presentation to the board on November 17, which include:

- PPTA Advisory Panel and Public Comment
- Transportation Planning Board Citizen Advisory Committee and Public Comment
- Final Environmental Impact Statement and Public Comment
- Constrained Long Range Plan and Public Comment
- Federal Highway Administration (FHWA) Value Pricing Study and Public Comment

Finally, the Sierra Club raises a laundry list of concerns regarding the SR-91 HOT lanes in Orange County, California. Their concerns miss the mark.

The SR-91 HOT lane project has been a huge success. According to the Orange County Transportation Authority (OCTA), HOT lanes on SR-91 has saved customers over 22 million hours of commuting time and produced measurable benefits including some \$330 million in added economic productivity and quality-of-life benefits for commuters, their families and businesses. That is a record worth emulating in Fairfax County.

When first constructed, the SR-91 HOT lanes were privately owned and operated as a toll road. Tolls were collected from all users, including HOV3+ users. The lanes were subsequently purchased by Orange County for considerably less than their own independently assessed value of the improvements. That is not what Fluor proposes for the Beltway. Fluor will neither own nor operate the HOT lanes; VDOT will. HOV3+, van pools and express bus services will use the HOT lanes for free, beginning on day one. The financial model we have developed, in which all of the financial risk of the project is borne by the private bond holders and Transportation Infrastructure Finance and Innovation Act (TIFIA), protects state and local taxpayers and the state and Fairfax County's AAA bond ratings.

SR-91 has helped improve travel times and provide congestion relief in one of the most heavily traveled corridors in the country. Studies conducted for the transportation authority demonstrate that SR-91 operates more efficiently and moves more commuters than before. Commuters also have the option to travel congestion-free 24 hours a day, seven days a week.

According to Caltrans (the California Department of Transportation) and the California Highway Patrol, SR-91 has the same or fewer frequency of accidents as similar state routes in California; no better, no worse. A San Luis California Polytechnic Institute

study stated, "Accident rates for the Orange County section of SR-91 containing the toll lanes decreased significantly after the toll lanes opened." Unlike the SR-91 project, Fluor will eliminate many current safety problems on the Beltway by improving upgrading the roadway and 80 percent of interchange ramps to today's design safety standards and eliminating unsafe left entry/exit points from main roadway. The original SR-91 improvements were limited to simply providing the new HOT lanes.

Fluor's Plan of Finance assumes that HOT lane tolls will range from \$1 to \$4.80 when the HOT lanes open. Under Fluor's proposal an independent non-profit board under the Internal Revenue Service's 63-20 provision would make all toll decisions. Any adjustments to the toll levels will be made to ensure there is sufficient revenue to repay the bonds, the TIFIA loan and keep the HOT lanes congestion-free. Fluor will develop a more detailed traffic and revenue model after we sign the development agreement with VDOT, which will allow even more accurate revenue projections.

Thank you for this opportunity to respond to the concerns raised by the Sierra Club. We hope this letter has provided you with enough information to decide against considering any further delay in providing relief to the Beltway users and adjacent communities. The VDOT EIS decision making process for the Capitol Beltway is now in its 8<sup>th</sup> year. With more and more people entering the Metropolitan Washington everyday, and with congestion continuing to grow, we cannot afford to any wait longer.

We would like to remind you that VDOT has scheduled a public interview of Fluor Daniel's concept on December 4, 2003, one of the five public processes mentioned earlier, which will be followed by many other opportunities for public comment and input. We hope that that Board of Supervisors will lend its support to moving towards a development agreement between Fluor and VDOT. Once the development agreement is signed, Fluor will commit, at our risk; the resources needed to complete additional studies on the HOT lane proposal.

We look forward to working with the board, civic and homeowner associations, community groups and the Sierra Club to move this important transportation initiative forward.

Sincerely,



Gary Groat  
Director, Project Development  
Fluor Daniel

cc: Fairfax County Board of Supervisors  
Young Ho Chang, Director, Fairfax County Department of Transportation  
Pierce Homer, Deputy Secretary, Virginia Department of Transportation  
Sierra Club